



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

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NEWS RELEASE

FOR RELEASE

April 2, 2004

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Auditor of State David A. Vaudt today released an audit report on Monona County, Iowa.

The County had local tax revenue of \$12,120,701 for the year ended June 30, 2003, which included \$737,735 in tax credits from the state. The County forwarded \$8,213,895 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$3,906,806 of the local tax revenue to finance County operations, a two percent decrease from the prior year. Other revenues included \$3,726,317 from other governments, including indirect federal funding, \$291,179 from local option sales tax and \$141,386 in interest on investments.

Expenditures for County operations totaled \$8,279,102, a twelve percent decrease from the prior year. Expenditures included \$3,024,313 for roads and transportation, \$1,342,558 for public safety and legal services and \$1,048,211 for governmental services to residents.

The decrease in expenditures was due primarily to reductions in roadway construction.

The report contains recommendations to the Board of Supervisors and other County officials. For example, duties in the County Sheriff's office should be segregated to safeguard assets and policies for use of cellular phones, phone cards and county vehicles should be established. Also, receivables should be reconciled to billings for the public health nurse. County officials responded favorably to the recommendations.

A copy of the audit report is available for review in the Office of Auditor of State and the County Auditor's office.

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MONONA COUNTY
INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2003

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Monona County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2003)		
Richard C. Merritt, Sr.	Board of Supervisors	Jan 2003
Stanley Skow	Board of Supervisors	Jan 2003
Lester Nordaker	Board of Supervisors	Jan 2005
Benita J. Davis	County Auditor	Jan 2005
Lawrence Framke	County Treasurer	Jan 2003
Tena L. Hinkel	County Recorder	Jan 2003
Jeffrey R. Pratt	County Sheriff	Jan 2005
Michael P. Jensen	County Attorney	Jan 2003
Lawrence E. Keitges	County Assessor	Jan 2004
(After January 2003)		
Lester Nordaker	Board of Supervisors	Jan 2005
Richard C. Merritt, Sr.	Board of Supervisors	Jan 2007
Stanley Skow	Board of Supervisors	Jan 2007
Benita J. Davis	County Auditor	Jan 2005
Lawrence Framke	County Treasurer	Jan 2007
Tena L. Hinkel	County Recorder	Jan 2007
Jeffrey R. Pratt	County Sheriff	Jan 2005
Michael P. Jensen	County Attorney	Jan 2007
Lawrence E. Keitges	County Assessor	Jan 2004

Monona County



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Independent Auditor's Report

To the Officials of Monona County:

We have audited the accompanying general purpose financial statements, listed as exhibits in the table of contents of this report, of Monona County, Iowa, as of and for the year ended June 30, 2003. These general purpose financial statements are the responsibility of Monona County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Monona County at June 30, 2003, and the results of its operations and the cash flows of its proprietary fund type for the year then ended, in conformity with U.S. generally accepted accounting principles. Also, the Comparison of Receipts, Disbursements and Changes in Balances - Actual to Budget (Cash Basis) presents fairly, in all material respects, the cash transactions and the legally adopted budget of the governmental fund types and expendable trust funds of Monona County for the year ended June 30, 2003.

As discussed in note 10 to the financial statements, Monona County intends to implement Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures, for the year ending June 30, 2004. The effects of these statements are expected to significantly impact the presentation of the County's financial statements and related notes in the year of implementation. The revised requirements include the use of the economic resources measurement focus and full accrual accounting, as well as an analytical overview of the County's financial activities in the Management's Discussion and Analysis introduction to the financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated February 25, 2004 on our consideration of Monona County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the three years ended June 30, 2002 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 10 is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 25, 2004

Financial Statements

Monona County
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2003

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Type</u>
	General	Special Revenue	Internal Service
Assets and Other Debits			
Cash and pooled investments:			
County Treasurer	\$ 1,988,798	2,937,032	369,245
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	7,476	5,234	-
Succeeding year	2,105,000	1,465,000	-
Interest and penalty on property tax	7,376	-	-
Accounts	72,584	24	-
Accrued interest	25,152	39	-
Special assessments	-	-	-
Drainage assessments:			
Current	-	257,617	-
Future	-	33,904	-
Due from other funds (note 3)	12,047	477	-
Due from other governments	76,471	254,724	-
Inventories	-	864,656	-
Prepaid expenditures	63,311	93,897	-
Property and equipment (note 4)	-	-	-
Amount available for retirement of drainage district warrants	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
Amount to be provided for retirement of drainage warrants	-	-	-
Total assets and other debits	\$ 4,358,215	5,912,604	369,245

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
911,484	-	-	6,206,559
10,183	-	-	10,183
24,688	-	-	37,398
7,726,000	-	-	11,296,000
-	-	-	7,376
16,872	-	-	89,480
192	-	-	25,383
143,073	-	-	143,073
38,271	-	-	295,888
296,785	-	-	330,689
-	-	-	12,524
5,282	-	-	336,477
-	-	-	864,656
-	-	-	157,208
-	10,447,933	-	10,447,933
-	-	68,766	68,766
-	-	309,384	309,384
-	-	147,239	147,239
<u>9,172,830</u>	<u>10,447,933</u>	<u>525,389</u>	<u>30,786,216</u>

Monona County
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2003

	<u>Governmental Fund Types</u>		<u>Proprietary Fund Type</u>
	General	Special Revenue	Internal Service
	Liabilities, Fund Equity and Other Credits		
Liabilities:			
Accounts payable	\$ 61,200	114,541	13,653
Due to other funds (note 3)	248	-	-
Due to other governments (note 5)	1,211	29,992	-
Trusts payable	-	-	-
Deferred revenue:			
Succeeding year property tax	2,105,000	1,465,000	-
Other	51,976	296,755	-
Deferred payment contract (note 6)	-	-	-
Capital lease purchase agreements (note 6)	-	-	-
Drainage district warrants (note 6)	-	-	-
Compensated absences	21,382	24,822	-
Total liabilities	<u>2,241,017</u>	<u>1,931,110</u>	<u>13,653</u>
Fund equity and other credits:			
Investment in general fixed assets	-	-	-
Unreserved retained earnings	-	-	355,592
Fund balances:			
Reserved for:			
Inventories	-	864,656	-
Prepaid expenditures	63,311	93,897	-
Supplemental levy purposes	303,504	112,725	-
Drainage district warrants	-	68,766	-
Unreserved	1,750,383	2,841,450	-
Total fund equity and other credits	<u>2,117,198</u>	<u>3,981,494</u>	<u>355,592</u>
Total liabilities, fund equity and other credits	<u>\$ 4,358,215</u>	<u>5,912,604</u>	<u>369,245</u>

See notes to financial statements.

Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
Trust and Agency			
103,582	-	-	292,976
12,276	-	-	12,524
8,707,201	-	-	8,738,404
600	-	-	600
-	-	-	3,570,000
-	-	-	348,731
-	-	8,000	8,000
-	-	153,774	153,774
335,624	-	216,005	551,629
7,612	-	147,610	201,426
<u>9,166,895</u>	-	<u>525,389</u>	<u>13,878,064</u>
-	10,447,933	-	10,447,933
-	-	-	355,592
-	-	-	864,656
-	-	-	157,208
-	-	-	416,229
-	-	-	68,766
5,935	-	-	4,597,768
<u>5,935</u>	<u>10,447,933</u>	-	<u>16,908,152</u>
<u>9,172,830</u>	<u>10,447,933</u>	<u>525,389</u>	<u>30,786,216</u>

Exhibit B

Monona County

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - All Governmental Fund Types
and Expendable Trust Funds

Year ended June 30, 2003

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Total
	General	Special Revenue	Expendable Trust	(Memorandum Only)
Revenues:				
Property and other County tax	\$ 2,164,543	1,795,494	-	3,960,037
Interest and penalty on property tax	29,779	-	-	29,779
Intergovernmental	945,079	3,019,186	-	3,964,265
Licenses and permits	4,303	125	-	4,428
Charges for service	229,753	2,448	-	232,201
Use of money and property	148,680	1,082	-	149,762
Miscellaneous	28,243	291,669	54	319,966
Total revenues	<u>3,550,380</u>	<u>5,110,004</u>	<u>54</u>	<u>8,660,438</u>
Expenditures:				
Operating:				
Public safety and legal services	1,304,227	38,331	-	1,342,558
Physical health and social services	659,620	-	-	659,620
Mental health	-	713,374	-	713,374
County environment and education	276,250	203,889	-	480,139
Roads and transportation	-	3,024,313	-	3,024,313
Governmental services to residents	263,465	-	-	263,465
Administration	1,048,211	-	-	1,048,211
Non-program	-	160,425	-	160,425
Debt service	-	323,124	-	323,124
Capital projects	-	263,873	-	263,873
Total expenditures	<u>3,551,773</u>	<u>4,727,329</u>	<u>-</u>	<u>8,279,102</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,393)</u>	<u>382,675</u>	<u>54</u>	<u>381,336</u>

Monona County

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - All Governmental Fund Types
and Expendable Trust Funds

Year ended June 30, 2003

	Governmental		Fiduciary	Total (Memorandum Only)
	Fund Types		Fund Type	
	General	Special Revenue	Expendable Trust	
Other financing sources (uses):				
Sale of general fixed assets	6,059	-	-	6,059
Drainage district warrant proceeds	-	31,896	-	31,896
Operating transfers in	-	982,120	-	982,120
Operating transfers out	(248)	(981,872)	-	(982,120)
Total other financing sources (uses)	5,811	32,144	-	37,955
Excess of revenues and other financing sources over expenditures and other financing uses	4,418	414,819	54	419,291
Fund balances beginning of year	2,119,814	3,735,961	5,881	5,861,656
Increase (decrease) in reserve for:				
Inventories	-	(191,686)	-	(191,686)
Prepaid expenditures	(7,034)	22,400	-	15,366
Fund balances end of year	<u>\$ 2,117,198</u>	<u>3,981,494</u>	<u>5,935</u>	<u>6,104,627</u>

See notes to financial statements.

Monona County

Comparison of Receipts, Disbursements and
Changes in Balances - Actual to Budget (Cash Basis)
All Governmental Fund Types and Expendable Trust Funds

Year ended June 30, 2003

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property and other County tax	\$ 3,922,586	-
Interest and penalty on property tax	30,304	-
Intergovernmental	3,965,633	13,457
Licenses and permits	4,428	-
Charges for service	225,449	-
Use of money and property	161,709	1,019
Miscellaneous	323,043	268,918
Total receipts	<u>8,633,152</u>	<u>283,394</u>
Disbursements:		
Public safety and legal services	1,274,290	-
Physical health and social services	664,228	-
Mental health	767,566	-
County environment and education	468,458	-
Roads and transportation	3,318,451	-
Governmental services to residents	263,049	-
Administration	1,048,246	-
Non-program	169,195	169,195
Debt service	323,124	323,124
Capital projects	305,070	-
Total disbursements	<u>8,601,677</u>	<u>492,319</u>
Excess (deficiency) of receipts over (under) disbursements	31,475	(208,925)
Other financing sources, net	<u>34,271</u>	<u>31,896</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	65,746	(177,029)
Balance beginning of year	<u>4,866,019</u>	<u>337,360</u>
Balance end of year	<u>\$ 4,931,765</u>	<u>160,331</u>

See notes to financial statements.

Net	Amended Budget	Variance - Favorable (Unfavorable)	Net as % of Amended Budget
3,922,586	3,954,545	(31,959)	99%
30,304	7,065	23,239	429%
3,952,176	4,282,658	(330,482)	92%
4,428	6,910	(2,482)	64%
225,449	151,315	74,134	149%
160,690	108,624	52,066	148%
54,125	28,840	25,285	188%
<u>8,349,758</u>	<u>8,539,957</u>	<u>(190,199)</u>	<u>98%</u>
1,274,290	1,297,357	23,067	98%
664,228	760,992	96,764	87%
767,566	867,400	99,834	88%
468,458	517,725	49,267	90%
3,318,451	3,701,038	382,587	90%
263,049	310,546	47,497	85%
1,048,246	1,128,256	80,010	93%
-	-	-	
-	-	-	
305,070	860,000	554,930	35%
<u>8,109,358</u>	<u>9,443,314</u>	<u>1,333,956</u>	<u>86%</u>
240,400	(903,357)		
<u>2,375</u>	<u>5,103</u>		
242,775	(898,254)		
<u>4,528,659</u>	<u>3,847,827</u>		
<u>4,771,434</u>	<u>2,949,573</u>		

Exhibit D

Monona County

Statement of Revenues, Expenses and Changes in Retained Earnings

Proprietary Fund Type

Year ended June 30, 2003

	<u>Internal Service - Employee Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 656,507
Reimbursements from employees	14,396
Other reimbursements and refunds	<u>2,237</u>
Total operating revenues	673,140
Operating expenses:	
Insurance premiums	<u>626,198</u>
Operating income	46,942
Non-operating revenues:	
Interest on investments	<u>2,245</u>
Net income	49,187
Retained earnings beginning of year	<u>306,405</u>
Retained earnings end of year	<u>\$ 355,592</u>

See notes to financial statements.

Monona County
Statement of Cash Flows
Proprietary Fund Type
Year ended June 30, 2003

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 656,507
Cash received from employees and others	14,396
Cash received from other reimbursements and refunds	2,237
Cash payments for insurance premiums	(649,090)
Net cash provided by operating activities	24,050
Cash flows from investing activities:	
Interest on investments	2,245
Net increase in cash and cash equivalents	26,295
Cash and cash equivalents beginning of year	342,950
Cash and cash equivalents end of year	\$ 369,245
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 46,942
Adjustment to reconcile operating income to net cash provided by operating activities:	
(Decrease) in accounts payable	(22,892)
Net cash provided by operating activities	\$ 24,050

See notes to financial statements.

Monona County

Notes to Financial Statements

June 30, 2003

(1) Summary of Significant Accounting Policies

Monona County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

A. Reporting Entity

For financial reporting purposes, Monona County has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Monona County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units - The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Fifty-seven districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Monona County Board of Supervisors. These drainage districts are reported as a Special Revenue Fund. The County has other drainage districts that are managed and supervised by elected trustees. Those districts are included as an Agency Fund of the County. Financial information for the individual drainage districts can be obtained from the Monona County Auditor's office.

Jointly Governed Organizations - The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Monona County Assessor's Conference Board, Monona County Emergency Management Commission and Monona County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's' fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

The County also participates in the Monona County Sanitary Landfill Agency, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa. In addition, the County is involved in the following jointly governed organizations: Siouxland Regional Transit Authority, Third Judicial District Department of Correctional Services, Private Industry Council/Local Elected Officials Board, WESCO Industries, Department of Human Services Cluster Board, West Central Development Corporation, Region IV Local Emergency Planning Committee, Siouxland Metropolitan Planning Council and Region IV Hazmat Team. Financial transactions of these organizations are not included in the County's financial statements.

B. Fund Accounting

The accounts of the County are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances, revenues and expenditures or expenses. The various funds and account groups and their designated purposes are as follows:

Governmental Funds

General Fund - The General Fund is the general operating fund of the County. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue Funds - The Special Revenue Funds are used to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

Proprietary Fund

Internal Service Fund - The Internal Service Fund is utilized to account for the financing of goods and services purchased by one department of the County and provided to other departments or agencies on a cost-reimbursement basis.

Fiduciary Funds

Trust Funds - The Trust Funds are used to account for assets held by the County in a trustee capacity. These include Expendable Trust Funds which are accounted for in essentially the same manner as Governmental Funds.

Agency Funds - The Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

Account Groups

General Fixed Assets - This account group is established to account for the general fixed assets of the County.

General Long-Term Debt - This account group is established to account for long-term debt of the County. Long-term liabilities expected to be financed from Governmental Funds are accounted for in this account group, not in the Governmental Funds.

C. Measurement Focus

Governmental Funds and Expendable Trust Funds are accounted for on a spending or “financial flow” measurement focus. This means only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of “available spendable resources.” Governmental Fund and Expendable Trust Fund operating statements present increases, revenues and other financing sources, and decreases, expenditures and other financing uses in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Proprietary Funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means all assets and liabilities, whether current or non-current, associated with their activity are included on their balance sheets. Their reported fund equity, net total assets, is reported as retained earnings. Proprietary Fund operating statements present increases (revenue) and decreases (expenses) in net total assets.

In reporting the financial activity of its Proprietary Fund, the County applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds and Expendable Trust Funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at time of purchase.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

All Proprietary Funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The assets and liabilities of the Agency Funds are accounted for using the modified accrual basis of accounting.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

E. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the combined balance sheet:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposits which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2001 assessed property valuations; is for the tax accrual period July 1, 2002 through June 30, 2003 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2002.

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Special Assessments Receivable - Special assessments receivable represent amounts assessed to individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten nor more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Special assessments receivable represent assessments which are due and payable but have not been collected.

Drainage Assessments Receivable - Current drainage assessments receivable represent the amounts already assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than ten nor more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Current drainage assessments receivable represents assessments which are due and payable but have not been collected.

Future drainage assessments receivable represent amounts which will be assessed to individuals and levied against their property in the future for work already done on drainage districts which benefit their property.

Due from and Due to Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2003, balances of interfund amounts receivable or payable have been recorded.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates they are not available to liquidate current obligations.

General Fixed Assets - General fixed assets are recorded as expenditures in the Governmental Funds and are capitalized (recorded and accounted for) in the General Fixed Assets Account Group. Assets in this account group are recorded at historical cost. Assets acquired by gift are accounted for at fair market value at the date of the gift. The General Fixed Assets Account Group excludes public domain or "infrastructure" general fixed assets, such as roads, bridges, curbs, gutters, streets, sidewalks and similar assets that are immovable and of value only to the government.

In accordance with standards set forth by the Governmental Accounting Standards Board, depreciation expense is not recorded on the balance sheet for general fixed assets. At the time an asset is removed from service, the cost is removed from the General Fixed Assets Account Group. Maintenance and repairs are recorded as expenditures in the Governmental Funds as incurred and are not capitalized.

During the year ended June 30, 2003, no interest costs were capitalized since the County's policy is not to capitalize interest costs on assets constructed or acquired with tax-exempt debt paid for from annual debt service tax levies.

Due to Other Governments - Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable - Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, as well as delinquent property tax receivable and other receivables not collected within sixty days after year end.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death, or retirement. For the Agency Funds, these accumulations are recorded as liabilities in the year earned. In the Governmental Funds, the cost of vacation payments expected to be liquidated currently are recorded as liabilities of the Governmental Fund. A liability has been recorded in the General Long-Term Debt Account Group representing the County's commitment to fund non-current compensated absences. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2003.

Unreserved Retained Earnings - The unreserved retained earnings of the Internal Service, Employee Group Health Fund is designated for future insurance premiums to be paid by the County.

F. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, Internal Service and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health,

county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds and Expendable Trust Funds. Although the budget document presents disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. Legal budgetary control is also based upon the appropriation to each office or department.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

Exhibit C is a comparison of cash basis receipts, disbursements and changes in balances with the cash basis budget, with the cash basis budget, which is legally controlled by function, not fund type. Operations and ending fund balances on the cash and modified accrual basis have been reconciled as follows:

	Governmental Fund Types					
	General			Special Revenue		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 3,534,030	16,350	3,550,380	5,099,068	10,936	5,110,004
Expenditures	3,511,517	40,256	3,551,773	5,090,160	(362,831)	4,727,329
Net	22,513	(23,906)	(1,393)	8,908	373,767	382,675
Other financing sources (uses)	2,375	3,436	5,811	31,896	248	32,144
Beginning fund balances	1,963,910	155,904	2,119,814	2,896,228	839,733	3,735,961
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	(191,686)	(191,686)
Prepaid expenditures	-	(7,034)	(7,034)	-	22,400	22,400
Ending fund balances	\$ 1,988,798	128,400	2,117,198	2,937,032	1,044,462	3,981,494
	Fiduciary Fund Type					
	Expendable Trust			Total		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 54	-	54	8,633,152	27,286	8,660,438
Expenditures	-	-	-	8,601,677	(322,575)	8,279,102
Net	54	-	54	31,475	349,861	381,336
Other financing sources (uses)	-	-	-	34,271	3,684	37,955
Beginning fund balances	5,881	-	5,881	4,866,019	995,637	5,861,656
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	(191,686)	(191,686)
Prepaid expenditures	-	-	-	-	15,366	15,366
Ending fund balances	\$ 5,935	-	5,935	4,931,765	1,172,862	6,104,627

G. Total (Memorandum Only)

The total column on the combined balance sheet and the combined statement of revenues, expenditures and changes in fund balances is captioned "Memorandum Only" to indicate it is presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2003 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,426,608 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

(3) Due from and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2003 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Trust and Agency:	
	County Recorder	\$ 5,465
	County Sheriff	214
	Auto License and Use Tax	6,368
Special Revenue:		
County Recorder's Records Management	General	248
	Trust and Agency:	
	County Recorder	<u>229</u>
Total		<u>\$ 12,524</u>

(4) Property and Equipment

A summary of changes in property and equipment comprising general fixed assets for the year ended June 30, 2003 is as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Land	\$ 271,898	-	-	271,898
Buildings	1,710,521	-	-	1,710,521
Equipment	8,495,337	137,946	167,769	8,465,514
Total	<u>\$ 10,477,756</u>	<u>137,946</u>	<u>167,769</u>	<u>10,447,933</u>

Equipment includes \$297,852 of assets acquired under capital leases.

(5) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. The Agency Fund collections also include accruals of property tax for the succeeding year. The tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 1,211
Special Revenue:		
Secondary Roads	Services	29,992
Trust and Agency:		
County Assessor	Collections	286,106
Schools		5,404,537
Community Colleges		226,478
Corporations		1,831,607
Townships		171,636
Auto License and Use Tax		162,436
City Special Assessments		144,956
Drainage Districts		257,846
E911 Surcharge		66,646
All other		154,953
		<u>8,707,201</u>
Total		<u>\$ 8,738,404</u>

(6) Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2003 is as follows:

	<u>Deferred Payment Contract</u>	<u>Capital Lease Purchase Agreements</u>	<u>Drainage District Warrants</u>	<u>Compen- sated Absences</u>	<u>Total</u>
Balance beginning of year	\$ 24,000	264,696	478,510	98,401	865,607
Additions	-	-	31,896	49,209	81,105
Reductions	16,000	110,922	294,401	-	421,323
Balance end of year	<u>\$ 8,000</u>	<u>153,774</u>	<u>216,005</u>	<u>147,610</u>	<u>525,389</u>

Deferred Payment Contract

On August 21, 2001, Monona County entered into an interest free deferred payment contract with the Iowa Department of Transportation for the purchase of a maintenance facility for \$32,000. The County agreed to make payments of \$8,000 on September 1 of each year beginning on September 1, 2001 until the contract is paid off. The County made two payments totaling \$16,000 during the fiscal year ended June 30, 2003. The balance remaining at June 30, 2003 is \$8,000.

Capital Lease Purchase Agreements

The County has entered into capital lease purchase agreements to lease a motor grader and three tractors. The following is a schedule of the future minimum lease payments, including interest ranging from 4.50% to 4.90% per annum, and the present value of net minimum lease payments under the agreements in effect at June 30, 2003:

Year ending June 30.	Motor Grader	Tractors	Total
2004	\$ -	-	-
2005	33,540	33,156	66,696
2006	33,540	33,156	66,696
2007	33,540	-	33,540
Total minimum lease payments	100,620	66,312	166,932
Less amount representing interest	8,584	4,574	13,158
Present value of net minimum lease payments	<u>\$92,036</u>	<u>61,738</u>	<u>153,774</u>

The County made payments totaling \$133,392 under the capital lease purchase agreements for fiscal years 2003 and 2004 during the year ended June 30, 2003.

Drainage District Warrants

Drainage district warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented.

Drainage district warrants are paid from the Special Revenue, Drainage Districts Fund solely from special assessments against benefited properties.

(7) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll except for law enforcement employees, in which case the percentages are 5.37% and 8.05%, respectively. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2003, 2002 and 2001 were \$191,903, \$183,035 and \$179,985, respectively, equal to the required contributions for each year.

(8) Risk Management

Monona County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 400 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses, and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2003 were \$157,040.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$15,000,000, such excess coverage is also reinsured. All property risks are also reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2003, no liability has been recorded in the County's financial statements. As of June 30, 2003, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$200,000, respectively. In addition, the County purchases insurance for employee group health. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Hospital Revenue Bonds

The County has issued a total of \$2,870,000 of hospital revenue bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the net revenues of the hospital, and the bond principal and interest do not constitute liabilities of the County.

(10) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures. These statements will be implemented for the year ending June 30, 2004. The effects are expected to significantly impact the presentation of the County's financial statements in the year of implementation. The revised requirements include using the economic resources measurement focus and full accrual accounting. Also, the revised minimum reporting requirements include Management's Discussion and Analysis to introduce the financial statements and to provide an analytical overview of the County's financial activities.

Monona County

Supplemental Information

Monona County

Monona County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2003

Revenues:		
Property and other County tax:		
Property tax	\$ 2,103,007	
Utility tax replacement excise tax	59,309	
Other	<u>2,227</u>	\$2,164,543
Interest and penalty on property tax		29,779
Intergovernmental:		
State shared revenues:		
Franchise tax	21,849	
Other	<u>1,235</u>	
	<u>23,084</u>	
State tax replacements:		
State tax credits	147,870	
State allocation	<u>64,811</u>	
	<u>212,681</u>	
State and federal pass-thru revenues:		
Human services administrative reimbursement	27,192	
Bioterrorism	25,097	
Safety incentive grants	3,000	
Childhood lead poisoning prevention projects	<u>17,700</u>	
	<u>72,989</u>	
Contributions from other governmental units:		
Contract law enforcement	50,000	
Maternal and child health	15,644	
Empowerment	50,607	
Drainage district services	77,369	
Elections	8,246	
Other	<u>30,907</u>	
	<u>232,773</u>	
State grants and entitlements:		
Juvenile justice county base reimbursement	1,371	
District court fees	8,876	
Chore grant	3,131	
Home care aide grant	37,418	
Public health nursing grant	23,643	
Well testing and abandonment	5,886	
Other	<u>16,767</u>	
	<u>97,092</u>	
Federal grants and entitlements:		
Medicare and medicaid	288,118	
Other	<u>16,643</u>	
	<u>304,761</u>	
Payments in lieu of taxes	<u>1,699</u>	945,079

Schedule 1

Monona County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2003

Revenues (continued):		
Licenses and permits		4,303
Charges for service:		
Office fees and collections	109,152	
Auto registration, use tax and mailing	70,770	
Other	<u>49,831</u>	229,753
Use of money and property:		
Interest on investments	140,304	
Rent	8,268	
Other	<u>108</u>	148,680
Miscellaneous:		
Special assessments	2,778	
Other	<u>25,465</u>	<u>28,243</u>
Total revenues		<u>3,550,380</u>
Expenditures:		
Operating:		
Public safety and legal services		1,304,227
Physical health and social services		659,620
County environment and education		276,250
Governmental services to residents		263,465
Administration		<u>1,048,211</u>
Total expenditures		<u>3,551,773</u>
Deficiency of revenues under expenditures		(1,393)
Other financing sources (uses):		
Sale of general fixed assets		6,059
Operating transfers out:		
Special Revenue:		
County Recorder's Records Management		<u>(248)</u>
Total other financing sources (uses)		<u>5,811</u>
Excess of revenues and other financing sources over expenditures and other financing uses		4,418
Fund balance beginning of year		2,119,814
Decrease in reserve for prepaid expenditures		<u>(7,034)</u>
Fund balance end of year		<u>\$2,117,198</u>

See accompanying independent auditor's report.

Monona County

General Fund

Statement of Expenditures

Year ended June 30, 2003

Public safety and legal services:

Law enforcement:

Uniformed patrol services	\$ 355,560	
Investigations	5,865	
Law enforcement communications	265,138	
Adult correctional services	203,490	
Administration	<u>235,703</u>	
		<u>1,065,756</u>

Legal services:

Criminal prosecution	161,277	
Medical examinations	<u>10,333</u>	
		<u>171,610</u>

Emergency services:

Emergency management		<u>36,700</u>
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Assistance to district court system:

Physical operations	454	
Research and other assistance	<u>5,322</u>	
		<u>5,776</u>

Court proceedings:

Detention services	20,239	
Court costs	99	
Service of civil papers	<u>2,900</u>	
		<u>23,238</u>

Juvenile justice administration:

Court-appointed attorneys and court costs for juveniles	<u>1,147</u>	\$ 1,304,227
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Physical health and social services:

Physical health services:

Personal and family health services	259,133	
Health administration	152,377	
Support of hospitals	<u>1,210</u>	
		<u>412,720</u>

Schedule 2

Monona County

General Fund

Statement of Expenditures

Year ended June 30, 2003

Physical health and social services (continued):

Services to the poor:

Administration	61,412	
General welfare services	<u>8,994</u>	
	<u>70,406</u>	

Services to military veterans:

Administration	7,532	
General services to veterans	<u>36,608</u>	
	<u>44,140</u>	

Services to other adults:

Services to the elderly	<u>122,035</u>	
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Chemical dependency:

Treatment services	8,319	
Preventive services	<u>2,000</u>	
	<u>10,319</u>	659,620

County environment and education:

Conservation and recreation services:

Administration	78,396	
Maintenance and operations	<u>120,264</u>	
	<u>198,660</u>	

Animal control:

Animal bounties and state apiarist	<u>1,011</u>	
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County development:

Land use and building controls	46,711	
Economic development	<u>5,868</u>	
	<u>52,579</u>	

Educational services:

Historic preservation	2,000	
Fairgrounds	20,000	
Other educational services	<u>2,000</u>	
	<u>24,000</u>	276,250

Governmental services to residents:

Representation services:

Elections administration	59,517	
Local elections	7,824	
Township officials	<u>3,347</u>	
	<u>70,688</u>	

State administrative services:

Motor vehicle registrations and licensing	94,930	
Recording of public documents	<u>97,847</u>	
	<u>192,777</u>	263,465

Monona County

General Fund

Statement of Expenditures

Year ended June 30, 2003

Administration:

Policy and administration:

General County management	112,563	
Administrative management services	264,659	
Treasury management services	156,133	
Other policy and administration	<u>68,734</u>	
	<u>602,089</u>	

Central services:

General services	240,719	
Data processing services	<u>91,201</u>	
	<u>331,920</u>	

Risk management services:

Tort liability	70,140	
Safety of the workplace	40,361	
Fidelity of public officers	<u>3,701</u>	
	<u>114,202</u>	<u>1,048,211</u>

Total

\$ 3,551,773

See accompanying independent auditor's report.

Monona County
Special Revenue Funds
Combining Balance Sheet
June 30, 2003

	Rural Services	Secondary Roads	Mental Health	Resource Enhance- ment and Protection
Assets				
Cash and pooled investments	\$ 502,748	1,854,156	365,695	14,109
Receivables:				
Property tax:				
Delinquent	4,560	-	674	-
Succeeding year	1,253,000	-	212,000	-
Accounts	-	24	-	-
Accrued interest	-	-	-	8
Drainage assessments:				
Current	-	-	-	-
Future	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	254,724	-	-
Inventories	-	864,656	-	-
Prepaid expenditures	29	93,868	-	-
Total assets	\$ 1,760,337	3,067,428	578,369	14,117
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ 38,056	46,796	22,973	4,000
Due to other governments	-	129	29,863	-
Deferred revenue:				
Succeeding year property tax	1,253,000	-	212,000	-
Other	4,560	-	674	-
Compensated absences	1,665	23,157	-	-
Total liabilities	1,297,281	70,082	265,510	4,000
Fund equity:				
Fund balances:				
Reserved for:				
Inventories	-	864,656	-	-
Prepaid expenditures	29	93,868	-	-
Supplemental levy purposes	112,725	-	-	-
Drainage district warrants	-	-	-	-
Unreserved	350,302	2,038,822	312,859	10,117
Total fund equity	463,056	2,997,346	312,859	10,117
Total liabilities and fund equity	\$ 1,760,337	3,067,428	578,369	14,117

See accompanying independent auditor's report.

County Recorder's Records Management	County Sheriff Confiscated Property	County Attorney Confiscated Property	DARE	Drainage Districts	Total
22,391	3,727	13,829	46	160,331	2,937,032
-	-	-	-	-	5,234
-	-	-	-	-	1,465,000
-	-	-	-	-	24
13	-	-	-	18	39
-	-	-	-	257,617	257,617
-	-	-	-	33,904	33,904
477	-	-	-	-	477
-	-	-	-	-	254,724
-	-	-	-	-	864,656
-	-	-	-	-	93,897
22,881	3,727	13,829	46	451,870	5,912,604
-	-	-	-	2,716	114,541
-	-	-	-	-	29,992
-	-	-	-	-	1,465,000
-	-	-	-	291,521	296,755
-	-	-	-	-	24,822
-	-	-	-	294,237	1,931,110
-	-	-	-	-	864,656
-	-	-	-	-	93,897
-	-	-	-	-	112,725
-	-	-	-	68,766	68,766
22,881	3,727	13,829	46	88,867	2,841,450
22,881	3,727	13,829	46	157,633	3,981,494
22,881	3,727	13,829	46	451,870	5,912,604

Monona County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	Mental Health	Resource Enhance- ment and Protection
Revenues:				
Property and other County tax:				
Property tax	\$ 1,277,898	-	180,181	-
Local option sales tax	-	291,179	-	-
Utility tax replacement excise tax	40,874	-	5,082	-
Other	89	-	191	-
	<u>1,318,861</u>	<u>291,179</u>	<u>185,454</u>	<u>-</u>
Intergovernmental:				
State shared revenues:				
Road use tax	-	2,390,676	-	-
State tax replacements:				
State tax credits	77,409	-	12,669	-
State allocation	21,115	-	-	-
Mental health property tax relief	-	-	347,514	-
	<u>98,524</u>	<u>-</u>	<u>360,183</u>	<u>-</u>
State and federal pass-thru revenues:				
Social services block grant	-	-	51,462	-
Contributions from other governmental units:				
Project reimbursements	-	73,471	-	-
Drainage district services	-	469	-	-
Other	-	8,213	-	-
	<u>-</u>	<u>82,153</u>	<u>-</u>	<u>-</u>
State grants and entitlements:				
Farm to market	-	24,843	-	-
Resource enhancement and protection	-	-	-	6,940
Other	-	-	-	-
	<u>-</u>	<u>24,843</u>	<u>-</u>	<u>6,940</u>
	<u>98,524</u>	<u>2,497,672</u>	<u>411,645</u>	<u>6,940</u>

Flood and Erosion	County Recorder's Management	County Sheriff Confiscated Property	County Attorney Confiscated Property	DARE	Drainage Districts	Total
-	-	-	-	-	-	1,458,079
-	-	-	-	-	-	291,179
-	-	-	-	-	-	45,956
-	-	-	-	-	-	280
-	-	-	-	-	-	1,795,494
-	-	-	-	-	-	2,390,676
-	-	-	-	-	-	90,078
-	-	-	-	-	-	21,115
-	-	-	-	-	-	347,514
-	-	-	-	-	-	458,707
-	-	-	-	-	-	51,462
-	-	-	-	-	-	73,471
-	-	-	-	-	-	469
-	-	-	-	-	-	8,213
-	-	-	-	-	-	82,153
-	-	-	-	-	-	24,843
-	-	-	-	-	-	6,940
-	-	2,702	1,703	-	-	4,405
-	-	2,702	1,703	-	-	36,188
-	-	2,702	1,703	-	-	3,019,186

Monona County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	Mental Health	Resource Enhance- ment and Protection
Revenues (continued):				
Licenses and permits	-	125	-	-
Charges for service	-	-	-	-
Use of money and property:				
Interest on investments	-	-	-	113
Miscellaneous:				
Drainage assessments	-	-	-	-
Reimbursements from private sources	-	4,176	185	-
Workers compensation	-	5,763	-	-
Sales and use tax refunds	-	2,274	-	-
Other	-	8,308	-	-
Total revenues	1,417,385	2,809,497	597,284	7,053
Expenditures:				
Operating:				
Public safety and legal services:				
Law enforcement:				
Uniformed patrol services	38,331	-	-	-
Mental health:				
Persons with mental health problems - mental illness:				
General administration	-	-	646	-
Treatment services	-	-	51,100	-
Institution, hospital and commitment services	-	-	57,972	-
Persons with chronic mental illness:				
Personal and environmental support	-	-	18,941	-
Treatment services	-	-	19,045	-
Vocational and day services	-	-	14,338	-
Licensed or certified living arrangements	-	-	16,754	-
Institutional, hospital and commitment services	-	-	216	-
	-	-	69,294	-

Flood and Erosion	County Recorder's Management	County Sheriff Confiscated Property	County Attorney Confiscated Property	DARE	Drainage Districts	Total
-	-	-	-	-	-	125
-	2,448	-	-	-	-	2,448
-	168	-	-	-	801	1,082
-	-	-	-	-	255,424	255,424
-	-	-	-	-	-	4,361
-	-	-	-	-	-	5,763
-	-	-	-	-	1,582	3,856
-	-	-	-	2,044	11,913	22,265
-	-	-	-	2,044	268,919	291,669
-	2,616	2,702	1,703	2,044	269,720	5,110,004
-	-	-	-	-	-	38,331
-	-	-	-	-	-	646
-	-	-	-	-	-	51,100
-	-	-	-	-	-	57,972
-	-	-	-	-	-	109,718
-	-	-	-	-	-	18,941
-	-	-	-	-	-	19,045
-	-	-	-	-	-	14,338
-	-	-	-	-	-	16,754
-	-	-	-	-	-	216
-	-	-	-	-	-	69,294

Monona County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	Mental Health	Resource Enhance- ment and Protection
Expenditures (continued):				
Operating:				
Mental health:				
Persons with mental retardation:				
Information and education	-	-	3,325	-
Coordination services	-	-	7,470	-
Personal and environmental support	-	-	64,533	-
Vocational and day services	-	-	165,934	-
Licensed or certified living arrangements	-	-	224,782	-
Institutional, hospital and commitment services	-	-	54,476	-
	-	-	520,520	-
Persons with other developmental disabilities:				
Information and education	-	-	665	-
Vocational and day services	-	-	13,177	-
	-	-	13,842	-
	-	-	713,374	-
County environment and education:				
Environmental quality:				
Natural resources conservation	-	-	-	-
Weed eradication	16,370	-	-	-
Solid waste disposal	136,880	-	-	-
	153,250	-	-	-
Conservation and recreation services:				
Maintenance and operations	-	-	-	10,456
	-	-	-	10,456
Educational services:				
Libraries	27,550	-	-	-
Other education services	-	-	-	-
	27,550	-	-	-
	180,800	-	-	10,456

Flood and Erosion	County Recorder's Records Management	County Sheriff Confiscated Property	County Attorney Confiscated Property	DARE	Drainage Districts	Total
-	-	-	-	-	-	3,325
-	-	-	-	-	-	7,470
-	-	-	-	-	-	64,533
-	-	-	-	-	-	165,934
-	-	-	-	-	-	224,782
-	-	-	-	-	-	54,476
-	-	-	-	-	-	520,520
-	-	-	-	-	-	665
-	-	-	-	-	-	13,177
-	-	-	-	-	-	13,842
-	-	-	-	-	-	713,374
10,000	-	-	-	-	-	10,000
-	-	-	-	-	-	16,370
-	-	-	-	-	-	136,880
10,000	-	-	-	-	-	163,250
-	-	-	-	-	-	10,456
-	-	-	-	-	-	10,456
-	-	-	-	-	-	27,550
-	-	-	-	2,633	-	2,633
-	-	-	-	2,633	-	30,183
10,000	-	-	-	2,633	-	203,889

Monona County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	Mental Health	Resource Enhance- ment and Protection
Expenditures (continued):				
Operating:				
Roads and transportation:				
Secondary roads administration and engineering:				
Administration	12,961	113,888	-	-
Engineering	11,865	188,629	-	-
	<u>24,826</u>	<u>302,517</u>	-	-
Roadway maintenance:				
Bridges and culverts	-	88,264	-	-
Roads	140,835	1,681,955	-	-
Traffic controls	-	45,903	-	-
Road clearing	-	3,574	-	-
	<u>140,835</u>	<u>1,819,696</u>	-	-
General roadway:				
Equipment	-	154,591	-	-
Equipment operations	-	481,246	-	-
Tools, materials, and supplies	-	52,605	-	-
Real estate and buildings	-	47,997	-	-
	<u>-</u>	<u>736,439</u>	-	-
	<u>165,661</u>	<u>2,858,652</u>	-	-
Non-program:				
Drainage district construction and repair	-	-	-	-
Debt service:				
Drainage district warrants paid	-	-	-	-
Interest	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital projects:				
Roadway construction	-	263,873	-	-
Total expenditures	<u>384,792</u>	<u>3,122,525</u>	<u>713,374</u>	<u>10,456</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,032,593</u>	<u>(313,028)</u>	<u>(116,090)</u>	<u>(3,403)</u>

Flood and Erosion	County Recorder's Records Management	County Sheriff Confiscated Property	County Attorney Confiscated Property	DARE	Drainage Districts	Total
-	-	-	-	-	-	126,849
-	-	-	-	-	-	200,494
-	-	-	-	-	-	327,343
-	-	-	-	-	-	88,264
-	-	-	-	-	-	1,822,790
-	-	-	-	-	-	45,903
-	-	-	-	-	-	3,574
-	-	-	-	-	-	1,960,531
-	-	-	-	-	-	154,591
-	-	-	-	-	-	481,246
-	-	-	-	-	-	52,605
-	-	-	-	-	-	47,997
-	-	-	-	-	-	736,439
-	-	-	-	-	-	3,024,313
-	-	-	-	-	160,425	160,425
-	-	-	-	-	294,401	294,401
-	-	-	-	-	28,723	28,723
-	-	-	-	-	323,124	323,124
-	-	-	-	-	-	263,873
10,000	-	-	-	2,633	483,549	4,727,329
(10,000)	2,616	2,702	1,703	(589)	(213,829)	382,675

Monona County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2003

	Rural Services	Secondary Roads	Mental Health	Resource Enhance- ment and Protection
Other financing sources (uses):				
Operating transfers in (out):				
General	-	-	-	-
Special Revenue:				
Rural Services	-	971,872	-	-
Secondary Roads	(971,872)	-	-	-
Flood and Erosion	(10,000)	-	-	-
Drainage district warrant proceeds	-	-	-	-
Total other financing sources (uses)	(981,872)	971,872	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	50,721	658,844	(116,090)	(3,403)
Fund balances beginning of year	412,332	2,507,791	428,949	13,520
Increase (decrease) in reserve for:				
Inventories	-	(191,686)	-	-
Prepaid expenditures	3	22,397	-	-
Fund balances end of year	\$ 463,056	2,997,346	312,859	10,117

See accompanying independent auditor's report.

Flood and Erosion	County Recorder's Records Management	County Sheriff Confiscated Property	County Attorney Confiscated Property	DARE	Drainage Districts	Total
-	248	-	-	-	-	248
10,000	-	-	-	-	-	981,872
-	-	-	-	-	-	(971,872)
-	-	-	-	-	-	(10,000)
-	-	-	-	-	31,896	31,896
10,000	248	-	-	-	31,896	32,144
-	2,864	2,702	1,703	(589)	(181,933)	414,819
-	20,017	1,025	12,126	635	339,566	3,735,961
-	-	-	-	-	-	(191,686)
-	-	-	-	-	-	22,400
-	22,881	3,727	13,829	46	157,633	3,981,494

Schedule 5

Monona County
Trust and Agency Funds
Combining Balance Sheet
June 30, 2003

	<u>Expendable</u>		
	<u>Trust</u>	<u>Agency</u>	<u>Total</u>
Assets			
Cash and pooled investments:			
County Treasurer	\$ 5,935	905,549	911,484
Other County officials	-	10,183	10,183
Receivables:			
Property tax:			
Delinquent	-	24,688	24,688
Succeeding year	-	7,726,000	7,726,000
Accounts	-	16,872	16,872
Accrued interest	-	192	192
Special assessments	-	143,073	143,073
Drainage assessments:			
Current	-	38,271	38,271
Future	-	296,785	296,785
Due from other governments	-	5,282	5,282
Total assets	<u>\$ 5,935</u>	<u>9,166,895</u>	<u>9,172,830</u>
Liabilities and Fund Equity			
Liabilities:			
Accounts payable	\$ -	103,582	103,582
Due to other funds	-	12,276	12,276
Due to other governments	-	8,707,201	8,707,201
Trusts payable	-	600	600
Drainage warrants payable	-	335,624	335,624
Compensated absences	-	7,612	7,612
Total liabilities	-	9,166,895	9,166,895
Fund equity:			
Unreserved fund balance	5,935	-	5,935
Total liabilities and fund equity	<u>\$ 5,935</u>	<u>9,166,895</u>	<u>9,172,830</u>

See accompanying independent auditor's report.

Monona County
 Expendable Trust Funds
 Combining Balance Sheet
 June 30, 2003

		Conservation Land Acquisition Trust	Conservation Trust	Total
Assets				
Cash and pooled investments	\$	128	5,807	5,935
Fund Equity				
Fund equity:				
Unreserved fund balances	\$	128	5,807	5,935

See accompanying independent auditor's report.

Schedule 7

Monona County
Expendable Trust Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Year ended June 30, 2003

	Conservation Land Acquisition Trust	Conservation Trust	Total
Revenues:			
Miscellaneous:			
Donations	\$ -	54	54
Expenditures:			
None	-	-	-
Excess of revenues over expenditures	-	54	54
Fund balances beginning of year	128	5,753	5,881
Fund balances end of year	<u>\$ 128</u>	<u>5,807</u>	<u>5,935</u>

See accompanying independent auditor's report.

Monona County

Monona County
 Agency Funds
 Combining Balance Sheet
 June 30, 2003

	County Offices		Agricultural
	County Recorder	County Sheriff	Extension Education
Assets			
Cash and pooled investments:			
County Treasurer	\$ -	-	1,321
Other County officials	9,369	814	-
Receivables:			
Property tax:			
Delinquent	-	-	246
Succeeding year	-	-	71,000
Accounts	397	-	-
Accrued interest	-	-	-
Special assessments	-	-	-
Drainage assessments:			
Current	-	-	-
Future	-	-	-
Due from other governments	-	-	-
	Total assets	814	72,567
	\$ 9,766	814	72,567
Liabilities			
Accounts payable	\$ -	-	-
Due to other funds	5,694	214	-
Due to other governments	4,072	-	72,567
Trusts payable	-	600	-
Drainage district warrants payable	-	-	-
Compensated absences	-	-	-
	Total liabilities	814	72,567
	\$ 9,766	814	72,567

County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax
128,022	88,106	7,299	29,206	2,969	168,804
-	-	-	-	-	-
758	17,431	1,179	4,401	667	-
170,000	5,299,000	218,000	1,798,000	168,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>298,780</u>	<u>5,404,537</u>	<u>226,478</u>	<u>1,831,607</u>	<u>171,636</u>	<u>168,804</u>
5,062	-	-	-	-	-
-	-	-	-	-	6,368
286,106	5,404,537	226,478	1,831,607	171,636	162,436
-	-	-	-	-	-
-	-	-	-	-	-
7,612	-	-	-	-	-
<u>298,780</u>	<u>5,404,537</u>	<u>226,478</u>	<u>1,831,607</u>	<u>171,636</u>	<u>168,804</u>

Monona County
 Agency Funds
 Combining Balance Sheet
 June 30, 2003

	Brucellosis and Tuberculosis Eradication	Drainage Districts	Emergency Management Services
Assets			
Cash and pooled investments:			
County Treasurer	137	260,321	60,116
Other County officials	-	-	-
Receivables:			
Property tax:			
Delinquent	6	-	-
Succeeding year	2,000	-	-
Accounts	-	-	-
Accrued interest	-	72	38
Special assessments	-	-	-
Drainage assessments:			
Current	-	38,271	-
Future	-	296,785	-
Due from other governments	-	472	4,810
Total assets	2,143	595,921	64,964
Liabilities			
Accounts payable	-	2,451	-
Due to other funds	-	-	-
Due to other governments	2,143	257,846	64,964
Trusts payable	-	-	-
Drainage district warrants payable	-	335,624	-
Compensated absences	-	-	-
Total liabilities	2,143	595,921	64,964

See accompanying independent auditor's report.

City Special Assess- ments	Radio Tower	E911 Surcharge	E911 Operations	Advance Tax	Total
1,883	8,329	146,158	1,188	1,690	905,549
-	-	-	-	-	10,183
-	-	-	-	-	24,688
-	-	-	-	-	7,726,000
-	-	16,475	-	-	16,872
-	-	82	-	-	192
143,073	-	-	-	-	143,073
-	-	-	-	-	38,271
-	-	-	-	-	296,785
-	-	-	-	-	5,282
<u>144,956</u>	<u>8,329</u>	<u>162,715</u>	<u>1,188</u>	<u>1,690</u>	<u>9,166,895</u>
-	-	96,069	-	-	103,582
-	-	-	-	-	12,276
144,956	8,329	66,646	1,188	1,690	8,707,201
-	-	-	-	-	600
-	-	-	-	-	335,624
-	-	-	-	-	7,612
<u>144,956</u>	<u>8,329</u>	<u>162,715</u>	<u>1,188</u>	<u>1,690</u>	<u>9,166,895</u>

Monona County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2003

	<u>County Offices</u>		Agricultural
	County Recorder	County Sheriff	Extension Education
Assets and Liabilities			
Balances beginning of year	\$ 3,557	323	71,277
Additions:			
Property and other County tax	-	-	71,660
E911 surcharge	-	-	-
State tax credits	-	-	4,818
Office fees and collections	141,439	116,298	-
Auto licenses, use tax and postage	-	-	-
Assessments	-	-	-
Trusts	-	10,242	-
Miscellaneous	-	-	-
Total additions	<u>141,439</u>	<u>126,540</u>	<u>76,478</u>
Deductions:			
Agency remittances:			
To other funds	65,349	116,043	-
To other governments	69,881	255	75,188
Trusts paid out	-	9,751	-
Total deductions	<u>135,230</u>	<u>126,049</u>	<u>75,188</u>
Balances end of year	<u>\$ 9,766</u>	<u>814</u>	<u>72,567</u>

County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax
357,282	4,824,959	394,741	1,478,086	168,374	153,727
170,379	5,305,287	218,531	1,777,864	168,736	-
-	-	-	-	-	-
16,257	322,231	26,632	119,997	9,740	-
-	-	-	-	-	-
-	-	-	-	-	2,051,663
-	-	-	-	-	-
-	-	-	-	-	-
3,700	-	-	-	-	-
190,336	5,627,518	245,163	1,897,861	178,476	2,051,663
-	-	-	-	-	74,743
248,838	5,047,940	413,426	1,544,340	175,214	1,961,843
-	-	-	-	-	-
248,838	5,047,940	413,426	1,544,340	175,214	2,036,586
298,780	5,404,537	226,478	1,831,607	171,636	168,804

Monona County

Agency Funds

Combining Statement of Changes in Assets and Liabilities

Year ended June 30, 2003

	<u>Brucellosis and Tuberculosis Eradication</u>	<u>Drainage Districts</u>	<u>Emergency Management Services</u>
Assets and Liabilities			
Balances beginning of year	<u>2,095</u>	<u>598,191</u>	<u>55,674</u>
Additions:			
Property and other County tax	1,651	-	-
E911 surcharge	-	-	-
State tax credits	112	-	-
Office fees and collections	-	-	-
Auto licenses, use tax and postage	-	-	-
Assessments	-	630,920	-
Trusts	-	-	-
Miscellaneous	-	158,374	57,184
Total additions	<u>1,763</u>	<u>789,294</u>	<u>57,184</u>
Deductions:			
Agency remittances:			
To other funds	-	-	-
To other governments	1,715	791,564	47,894
Trusts paid out	-	-	-
Total deductions	<u>1,715</u>	<u>791,564</u>	<u>47,894</u>
Balances end of year	<u>2,143</u>	<u>595,921</u>	<u>64,964</u>

See accompanying independent auditor's report.

City Special Assess- ments	Radio Tower	Tax Sale Redemp- tion	E911 Surcharge	E911 Operations	Advance Tax	Total
174,840	8,430	-	163,511	1,188	7,163	8,463,418
-	-	-	-	-	-	7,714,108
-	-	-	66,948	-	-	66,948
-	-	-	-	-	-	499,787
-	-	-	-	-	-	257,737
-	-	-	-	-	-	2,051,663
9,634	-	-	-	-	-	640,554
-	-	111,875	-	-	2,014	124,131
-	1,000	-	2,719	-	-	222,977
9,634	1,000	111,875	69,667	-	2,014	11,577,905
-	-	-	-	-	-	256,135
39,518	1,101	-	70,463	-	-	10,489,180
-	-	111,875	-	-	7,487	129,113
39,518	1,101	111,875	70,463	-	7,487	10,874,428
144,956	8,329	-	162,715	1,188	1,690	9,166,895

Schedule 10

Monona County

Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30,			
	2003	2002	2001	2000
Taxes:				
Property and other County tax	\$ 3,561,086	\$ 3,646,382	2,919,965	2,864,074
Local option sales tax	291,179	276,474	244,160	276,289
Utility tax replacement excise tax	105,265	99,864	85,082	-
Other	2,507	2,560	2,104	1,810
	<u>3,960,037</u>	<u>4,025,280</u>	<u>3,251,311</u>	<u>3,142,173</u>
Intergovernmental:				
State shared revenues:				
Franchise tax	21,849	14,010	11,581	12,632
Road use tax allocation	2,390,676	2,385,893	2,287,888	2,321,155
Other	1,235	618	618	618
State tax replacements:				
State tax credits	237,948	253,190	222,340	229,607
State allocation	85,926	90,535	96,578	96,857
Mental health property tax relief allocation	347,514	347,513	389,710	347,514
MH-DD allowed growth factor adjustment	-	-	7,135	47,985
State and federal pass-thru revenues:				
Human services administrative reimbursements	27,192	20,650	30,210	31,839
Childhood lead poisoning prevention projects	17,700	22,817	22,875	22,875
Social services block grant	51,462	58,119	60,830	60,657
Highway planning and construction grant	-	-	-	188,561
Community development block grant	-	-	345,079	79,071
Other	28,097	-	-	-
Contributions and reimbursements from other governmental units:				
Communications and contract law enforcement	50,000	50,147	50,041	48,333
Drainage district services	77,838	70,019	88,169	81,427
Project reimbursements	73,471	132,923	61,877	275,933
Elections	8,246	24,180	17,717	20,033
County bridge construction funding	-	-	-	52,332
Project reimbursements	-	-	22,501	23,422
Other	105,371	124,279	33,864	75,040
State grants and entitlements:				
Home care aide grant	37,418	35,859	65,208	46,539
Public health nursing grant	23,643	32,695	26,918	19,036
MH-DD community services fund allocation	-	-	76,094	76,947
Resource enhancement and protection	6,940	12,689	9,255	8,823
Other	65,279	171,899	153,080	130,898
Federal grants and entitlements:				
Watershed protection and flood prevention	-	79,659	103,605	39,592
Medicare and medicaid	288,118	278,889	309,602	259,963
Other	16,643	33,179	21,100	37,516
Payments in lieu of taxes	1,699	398	278	499
	<u>3,964,265</u>	<u>4,240,160</u>	<u>4,514,153</u>	<u>4,635,704</u>
Total	<u>\$ 7,924,302</u>	<u>8,265,440</u>	<u>7,765,464</u>	<u>7,777,877</u>

See accompanying independent auditor's report.



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

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Auditor of State

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Des Moines, Iowa 50319-0004

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Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting

To the Officials of Monona County:

We have audited the general purpose financial statements of Monona County, Iowa, as of and for the year ended June 30, 2003, and have issued our report thereon dated February 25, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Monona County's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2003 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Monona County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Monona County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses. Prior year reportable conditions have been resolved except for items (A), (B), (C), (D), (E) and (G).

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Monona County and other parties to whom Monona County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Monona County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

February 25, 2004

Monona County
Schedule of Findings
Year ended June 30, 2003

Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

- (A) Segregation of Duties - During our review of internal control, the existing control activities are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the County Sheriff's office may have control over the collection, deposit preparation and reconciliation functions and recording and accounting for cash receipts for which no compensating control exist.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the County Sheriff should review the control activities of the office to obtain the maximum internal control possible under the circumstances. The County Sheriff should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review.

Response - We will have communications operators receipt all mail. Communications Director will then verify all deposits made by clerk.

Conclusion - Response accepted.

- (B) Electronic Data Processing Systems - The County does not have a complete written disaster recovery plan.

Recommendation - A complete written disaster recovery plan should be developed.

Response - We will make this a priority to accomplish.

Conclusion - Response accepted.

- (C) Time Clocks - Where time clocks are in use, they were not consistently used by certain employees.

Recommendation - Where time clocks are in use, all employees should be required to use the time clocks in order to accurately record time in and out. For internal control, as well as for potential legal claims (payroll disputes/grievances), time cards would provide an accurate record of hours worked. Time cards also provide a record and documentation of authorized absences from work or any other variations from the normal work week. Supervisory review and approval should be required to provide the assurance the time cards are correct.

Monona County

Schedule of Findings

Year ended June 30, 2003

Response - Sheriff Pratt will hold an employee meeting with this information passed on to his employees. Extra monitoring of cards will be done by the Sheriff to assure proper usage of time clock.

Conclusion - Response accepted.

- (D) Cellular Phone, Phone Card and Credit Card Policies - Expenditures were made by the County for cellular telephone service, telephone credit card charges and other credit card charges. However, written policies governing the use of cellular phones, telephone credit cards, and other credit cards have not been adopted.

Recommendation - The Board of Supervisors, in conjunction with the various office and department heads, should establish written policies governing the use of cellular phones, telephone cards and other credit cards. In addition, cellular phone bills, phone bills and credit card bills should be scrutinized for proper usage by office and department heads, the County Auditor's office and the Board of Supervisors.

Response - Drafts of policies for cellular phones, phone cards and credit cards have been prepared for the Supervisors and County Attorney to review prior to reviewing with the various elected officials and department heads prior to adopting. The scrutinizing of the bills by the department heads, Board of Supervisors and County Auditor's Office will be discussed at a staff meeting and put into action.

Conclusion - Response accepted.

- (E) Public Health Nurse Receivables - Accounts receivable listings were not retained at the end of each month. Also, amounts billed, collections and accounts receivable for medicare, medicaid and other reimbursements were not reconciled.

In addition, uncollectible accounts written off during the year were not approved by the Local Board of Health.

Recommendation - Accounts receivable listings should be retained and billings, collections and accounts receivable should be reconciled monthly. The Local Board of Health should review and approve all write-offs of uncollectible accounts.

Response - We will revise the accounts receivable reports that were developed in response to last year's recommendation to include: the previous month's accounts receivable balance, adjustments to previous charges, current month's charges, payments received in current month, adjustments to payments from previous months, and the current month's accounts receivable balance.

In addition to the reconciliation of our receipts with the Treasurer's monthly revenue reports, which we have always conducted, we will also show the reconciliation in relationship to the accounts receivables.

We will present the recommendation to the Local Board of Health and request a more timely write off of uncollectible accounts. At the November 18, 2003 Board of Health meeting, it was decided to wait until later in the year and approve the write off of most of FY03 uncollectibles at the same time. We continue to collect revenues from the previous years far into the next fiscal year, i.e. in December of 2003 we received payment for Maternal Child Health billings from December of 2002 and in January

Monona County

Schedule of Findings

Year ended June 30, 2003

2004 we received payment from some insurance companies for services provided in December 2002.

Conclusion - Response accepted.

- (F) Sanitarian/Zoning/Well Closing Office - Due to the nature of this job, the employee in this office spends considerable time in the field. Although the employee submits a time card to document the hours worked, a "time log" is not submitted by the employee to detail the date work was performed, the number of hours worked on a particular project, including a description of the site where the work was performed, work being performed, miles traveled to and from work sites and between other sites.

Recommendation - In order to more fully substantiate the hours worked, the Board should require a "time log" be submitted along with each time sheet to substantiate the hours worked.

Response - The Local Health Nurse (LHN) Administrators response on February 27, 2004 is that she has spoken with this employee to explain to her that a detailed log of assignments is necessary and will review public health time studies as an example to follow. She agreed to review this process the week of March 1, 2004. The auditor stated that a log was filed with the time card for the pay period ended February 28, 2004. The log was shared with the Board of Supervisors. The Board of Supervisors will discuss with the employee that more detail is required.

Conclusion - Response accepted.

- (G) County Vehicle Policy - The County owns vehicles for use by various employees while on County business. The County has not established a complete formal policy to regulate the use of these vehicles.

Recommendation - The County should adopt a complete formal written policy regulating the use of County vehicles. The policy should include provisions for incidental personal use, commuting, assignment of vehicles, documentation required, restricted vehicle uses, reimbursement by employees for personal use, and additional compensation for employees. Documentation required should include mileage logs to be maintained and turned in periodically.

Response - A policy is being addressed as outlined under comment response (D).

Conclusion - Response accepted.

- (H) Current and Delinquent Tax Reconciliations - Current and delinquent tax reconciliations were prepared by the County Treasurer's office. However, there were errors noted in both.

Recommendation - The County Treasurer should prepare the current and delinquent tax reconciliations as soon after the end of the fiscal year as possible and reconcile the abstract, adjustments, and receivables to the abstract and list of accounts receivable at the end of the year. In addition, the tax collections and state credits received should be reconciled to the general ledger collections at the end of the year.

Monona County

Schedule of Findings

Year ended June 30, 2003

Response - Having had not much training in doing these reconciliations and having the worksheets and procedures changed several times since I have been doing them I was unaware of the need to balance to the General Ledger and will do so in the future.

Also, after CMS has worked out refining problem areas in the new INVISION software there should be no further problems.

Conclusion - Response accepted.

- (I) Investments - Although a record of investment transactions was maintained by the County Treasurer, the record was not current or complete.

Recommendation - A complete detailed record of investment transactions by fund should be maintained. This record should include investment number, interest rate, purchase date, number of days, redemption date, date reinvested, investment number into which investment was rolled over, amount invested or reinvested, amount rolled over or cashed, date cashed, account number into which deposited, total amount of principal invested and amount of interest received, date and receipt number.

Response - During this time frame the hard drive on the laptop crashed destroying all information.

Backup is now stored on the server. In addition, we were provided an excel spreadsheet to track investments which will be used.

Conclusion - Response accepted.

Monona County

Schedule of Findings

Year ended June 30, 2003

Other Findings Related to Required Statutory Reporting:

- (1) Official Depositories - A resolution naming official depositories has been adopted by the Board of Supervisors. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2003.
- (2) Certified Budget - Disbursements during the year ended June 30, 2003 did not exceed the amounts budgeted.
- (3) Questionable Expenditures - Lodging expense of \$1,213 was paid to Fillenwarth Beach for four nights for the Assistant County Attorney to attend the County Attorney Spring Training Conference in Arnolds Park, Iowa. This expenditure may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented.

Recommendation - According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

The Board of Supervisors should determine and document the public purpose served by these expenditures before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures which document the public purpose served.

Response - The lodging bill from Fillenwarth Beach was for the 2003 Spring Iowa County Attorneys Conference. Mr. Allen attended each and every session held at the conference from Sunday through Thursday. Attendance at these sessions achieved a public purpose. It is my understanding Mr. Allen took his family requiring larger accommodations but paid for all food and other services personally. In the future, attendance at continuing education events will be scrutinized so that only costs associated with the attendee and not the family are paid.

Conclusion - Response accepted.

- (4) Travel Expense - Except as noted above, no expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- (5) Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

Monona County

Schedule of Findings

Year ended June 30, 2003

Name, Title and Business Connection	Transaction Description	Amount
Richard Merritt, Sr., Supervisor, owner of Merritt Pumping Service	Cesspool pumping	\$ 220
Gregory Collett, husband of County Treasurer's Office employee, owner of CBS	Cabinets for Driver's License Department	303
Lyle Vandenhull, husband of Public Health office employee, owner of Vandenhull Printing & More	Printing, supplies and services	1,560

In accordance with Chapter 331.342(10) of the Code of Iowa, the transactions with Merritt Pumping Service and CBS do not appear to represent conflicts of interest since total cumulative transactions by individual were less than \$1,500 during the fiscal year.

In accordance with Chapter 331.342(10) of the Code, the transaction with Vandenhull Printing & More may represent a conflict of interest since the total cumulative transactions exceeded \$1,500 during the fiscal year.

Recommendation - The County should consult with legal counsel to determine the disposition of these matters.

Response - The most serious concern is the \$1,560 expenditure. It is my understanding conflict in the County Health Nurses Office is no longer a problem. The relative of Vandenhull printing is no longer employed at the public health nurse office. The other sums do not appear to represent conflicts of interest. All future transactions should be open to a bid process if possible, regardless of the size of the expenditure.

Conclusion - Response accepted.

- (6) Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (7) Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- (8) Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

Monona County

Schedule of Findings

Year ended June 30, 2003

- (9) Resource Enhancement and Protection Certification - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- (10) County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

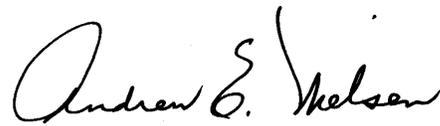
Disbursements during the year ended June 30, 2003 for the County Extension Office did not exceed the amount budgeted.

Monona County

Staff

This audit was performed by:

Michelle B. Meyer, CPA, Manager
James L. Blekfeld, CPA, Senior Auditor
Kimberly M. Knight, CPA, Senior Auditor
Nicholas A. Freymann, CGFM, Senior Auditor
Erin M. Scharingson, Staff Auditor
Jennifer R. Edgar, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large initial 'A' and 'N'.

Andrew E. Nielsen, CPA
Deputy Auditor of State